

MEMORANDUM

November 15, 2018

Re: Sears Holdings Corporation:
Superpriority Senior Secured Debtor-In-Possession Asset-Based Credit Agreement

We have posted for review by the syndicate the Superpriority Senior Secured Debtor-In-Possession Asset-Based Credit Agreement (the “DIP Credit Agreement”), to be among Sears Holdings Corporation, a Delaware corporation (“Holdings”), Sears Roebuck Acceptance Corp., a Delaware corporation (“SRAC”), Kmart Corporation, a Michigan corporation (collectively with SRAC, the “Borrowers”), the lenders party thereto, Bank of America, N.A., as administrative agent (the “Agent”) and as co-collateral agent, Wells Fargo Bank, National Association, as co-collateral agent (collectively with Bank of America, N.A. in its capacity as such, the “Co-Collateral Agents”) and the other agents named therein. All capitalized terms not otherwise defined herein shall have the same meaning as in the DIP Credit Agreement.

Reference is hereby made to that certain Third Amended and Restated Credit Agreement, dated as of July 21, 2015 (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the “Prepetition Credit Agreement”), among Holdings, the Borrowers, the lenders party thereto, Bank of America, N.A., as administrative agent and as co-collateral agent, Wells Fargo Bank, National Association, as co-collateral agent and the other agents named therein.

All legal questions should be directed in writing to Tabitha Humphries at tabitha.humphries@skadden.com and Seth Jacobson at seth.jacobson@skadden.com. All business questions should be directed in writing to Brian Lindblom at brian.p.lindblom@baml.com.

Revolving Lenders:

If you are a Revolving Lender under the Prepetition Credit Agreement, you are hereby offered the opportunity to participate in the Incremental DIP Revolving Commitments under the DIP Credit Agreement on a pro rata basis based on your Prepetition Revolving Advances.

If you choose to participate, subject to bankruptcy court approval, your Prepetition Revolving Advances will be rolled up into Revolving Extensions of Credit under the DIP Credit Agreement and your Prepetition L/C Obligations will be rolled up into L/C Obligations under the DIP Credit Agreement (including all Existing Letters of Credit issued under the Prepetition Credit Agreement being deemed issued under the DIP Credit Agreement on the Effective Date).

If you (A) hereby commit to your pro rata share of Incremental DIP Revolving Commitments, (B) elect to roll up your Prepetition Revolving Advances and your Prepetition L/C Obligations and (C) consent to, and direct the Co-Collateral Agent to consent to, the priming of the Liens granted under the Prepetition Loan Documents by the Liens on Prepetition ABL Collateral granted under the Loan Documents (to the extent set forth in the Loan Documents and the Financing Orders), *please (i) communicate your intention to Brian Lindblom, (ii) execute the signature page attached herewith and (iii) submit the signature page via the instructions below.*

Any Revolving Lender submitting a signature page shall be deemed to have consented to clauses (A) – (C) above and all other terms and provisions of the DIP Credit Agreement.

If you elect not to participate, you do ***not*** need to submit a signature page. Please be advised that the liens granted under the Prepetition Credit Agreement will be primed as set forth in clause (C) above. If you elect not to participate, no other action is being requested of you in connection with the DIP Credit Agreement.

Term Lenders:

If you are a 2016 Term Lender under the Prepetition Credit Agreement, you are hereby offered the opportunity to participate in the Initial Term Loan under the DIP Credit Agreement on a pro rata basis based on the aggregate outstanding principal amount of the Prepetition 2016 Term Loan you hold.

If you choose to participate, subject to bankruptcy court approval, the aggregate outstanding principal amount of the Prepetition 2016 Term Loan you hold will be rolled up into the Term Loan under the DIP Credit Agreement.

If you (A) hereby commit to your pro rata share of the Initial Term Loan, (B) elect to roll up your portion of the Prepetition 2016 Term Loan and (C) consent to, and direct the Co-Collateral Agent to consent to, the priming of the Liens granted under the Loan Documents (as defined in the Prepetition Credit Agreement) by the Liens on Prepetition ABL Collateral granted under the Loan Documents (to the extent set forth in the Loan Documents and the Financing Orders), ***please (i) communicate your intention to Brian Lindblom, (ii) execute the signature page attached herewith and (iii) submit the signature page via the instructions below.***

Any Term Lender submitting a signature page shall be deemed to have consented to clauses (A) – (C) above and all other terms and provisions of the DIP Credit Agreement.

If you elect not to participate, you do ***not*** need to submit a signature page. Please be advised that the Liens granted under the Prepetition Credit Agreement will be primed as set forth in clause (C) above. If you elect not to participate, no other action is being requested of you in connection with the DIP Credit Agreement.

As of November 26th, all of the Revolving Lenders and all Term Loan Lenders (other than the Sears Holdings Pension Fund) have submitted signature pages, will participate in the incremental revolving commitments and term loans, as applicable, and will have their prepetition loans and letter of credit obligations rolled up. In addition, the Debtors will be seeking court approval to roll up the Term Loans held by the Sears Holdings Pension Fund. Upon entry of the Final Order and closing under the credit facility, the Joint Lead Arrangers (or their affiliates) will fund their pro rata share of the incremental commitments associated with the roll-up of the Term Loan held by the Sears Holdings Pension Fund.